THE CORPORATION OF THE

CITY OF PENTICTON

2006

FINANCIAL STATEMENTS

THE CORPORATION OF THE CITY OF PENTICTON

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REEVES AND MAYORS

THE CORPORATION OF THE CITY OF PENTICTON
FROM INCORPORATION

REEVES

1909	Alfred H. Wade
1910 – 1911	E. Foley-Bennett
1912	Capt. I.M. Stevens
1913	E. Foley-Bennett
1914 – 1916	Robert Scott Conklin
1917	William Alexander McKenzie
1918 – 1919	Frederick Maurice Smith
1920 – 1923	Edward John Chambers
1924 – 1925	James Kirkpatrick
1926 – 1927	Geo. A.M. Macdonald
1928	James Kirkpatrick
1929 – 1931	Geo. A.B. Macdonald
1931 – 1935	Charles E. Oliver
1936	H.B. Morley
1937 – 1940	W. Gordon Wilkins
1941 – 1942	R.J. McDougall
1943 – 1944	Robert Lyon
1945	R.J. McDougall
1946 – 1947	Robert Lyon

MAYORS

1948 – 1949	Robert Lyon
1950 – 1953	William A. Rathbun
1954 – 1957	C. Oscar Matson
1957 – 1961	Charles E. Oliver
1962 – 1967	Maurice P. Finnerty
1968 – 1971	F.D. Stuart
1972 – 1975	F.W. Laird
1976 – 1979	K.A. Kenyon
1979 – 1980	J.J. Winkelaar
1980 – 1986	I.C. Messmer
1986 – 1990	Dorothy Whittaker
1990 – 1996	G.J. Kimberley
1996 – 1999	Beth Campbell
1999 – 2002	M.L. (Mike) Pearce
2002 – 2005	C. David Perry
2005 -	G.J. Kimberley

DIRECTORY OF COUNCIL AND CITY OFFICIALS
2006

COUNCIL

MAYOR	G.J. Kimberley	
COUNCILLORS	Dan Ashton	Randy Manuel
	Joanne Grimaldi	Rory McIvor
	Garry Litke	John Vassilaki

CITY OFFICIALS

Administrator	L. den Boer
Director of Corporate Services	J.A. Kler
Clerk	C.E. Ingram
Treasurer	D.A. Leahy
Collector	M.L. Raymond
Director of Development Services	M. Moroziuk
Director of Parks, Recreation and Culture	B. Reid
Human Resources Manager	G.P.A. Sobool
Fire Chief	W. Williams
R.C.M.P. Inspector	D. Fudge

CITY AUDITORS	BDO Dunwoody
CITY SOLICITORS	Davie & Associates
BANKERS	HSBC Bank Canada

TREASURER'S REPORT

April 2007

Mayor and Council
The Corporation of the City of Penticton

Your Worship and Members of Council:

In accordance with Section 167(1) of the Community Charter, I am pleased to submit the 2006 Annual Financial Report of the City of Penticton for the fiscal year ended December 31, 2006. The report includes the Auditors' Report, the 2006 audited financial statements, and supplementary information for the City of Penticton.

The financial statements were prepared by City staff in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. These statements were audited by BDO Dunwoody and their responsibility was to express an opinion based on the results of their audit. The audit was planned and performed to obtain reasonable assurance as to whether the financial statements were free of material error or misstatement.

The operations of the City of Penticton are segregated into various funds for accounting and financial reporting purposes. The funds are as follows:

General Fund
Water Utility Fund
Reserve Funds
Sanitary Sewer Utility Fund
Electric Utility Fund

The Annual Report includes the financial statements for each entity as well as consolidation statements for all entities. The highlights from these reports are summarized below:

CAPITAL EXPENDITURES

	2006	2005
General Fund	$8,042,625	$7,876,448
Sewer Fund	678,429	1,012,145
Water Fund	2,272,930	1,101,163
Electric Fund	1,074,480	1,151,077
Total Capital Expenditures	**$12,068,464**	**$11,140,833**

Major capital projects included in the above summary are:

General Capital

City-wide Transportation Works	$2,227,935
Parks - Landscape and Development	1,012,145
Facilities	2,024,422
Information and Technology Works	280,067
City Fleet Equipment	897,162
Fire Department Equipment	713,626

Utilities

Sewer Mains	$246,930
Sewer Treatment Plant Works	286,782
Water Mains	1,823,641
Water Metering Services	72,858
Water Irrigation Line	189,406
Electric Utility Services	572,211
Electric Utility Line Reconstruction	248,224
Electric Utility Voltage Conversion Program	188,134

Operating Expenditures and Debt Charges *(excludes transfers to other funds and reserves)*

		2006	2005
General Fund	Operating	$32,798,319	$29,796,683
	Debt	1,019,061	1,351,180
		$33,817,380	**$31,147,863**
Sewer Fund	Operating	$2,060,089	$1,835,119
	Debt	335,752	347,898
		$2,395,841	**$2,183,017**
Water Fund	Operating	$2,541,562	$2,202,656
	Debt	440,888	572,132
		$2,982,450	**$2,774,788**
Electric Fund	Operating	**$19,187,346**	**$17,498,509**
TOTAL NET OPERATING EXPENDITURES		**$58,383,017**	**$53,604,177**

Financial Statistics

	2006	2005
Real Property Taxes	$19,756,953	$18,540,024
Collection of taxes for other Governments	18,126,115	16,919,158
Long-Term Debt Outstanding	21,544,525	13,185,569
Per Capita Debt – General Purposes	406	280
Per Capita Debt – Utilities	269	146

Investment Earnings

Investment of all excess Revenue and Reserve Funds generated $2,220,182 in 2006 compared to $1,182,601 in 2005. Our portfolio is comprised equally of money market and term deposits maturing within a year and long-term bonds.

Surplus

The general revenue fund generated a surplus of $73,258. The surplus can be attributed to various departments operating under their budget provisions.

Utilities

In the Sewer Utility, the 2006 appropriation was budgeted at $497,783. The actual appropriation for 2006 was $325,262.

The Water Utility appropriation was budgeted at $258,696. The actual surplus was $244,131.

The Electric Utility appropriation was budgeted at $53,187. The actual surplus was $1,863,448.

Library

The Statement of Revenue and Expenditure for the Penticton Public Library is presented in this report. Library revenue reflects a City grant of $874,582 which includes an allowance of $170,731 for building and administration costs, and $16,757 for equipment depreciation.

Respectfully submitted,

Doug Leahy
Treasurer

BDO
Driving growth

BDO Dunwoody LLP
Chartered Accountants
and Advisors

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AUDITORS' REPORT

To the Mayor and Council
Corporation of the City of Penticton

We have audited the consolidated statement of financial position of the Corporation of the City of Penticton as at December 31, 2006 and the consolidated statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2006 and the results of its consolidated operations for the year then ended in accordance with the Canadian accounting principles generally accepted for Municipalities.

BDO Dunwoody LLP
Chartered Accountants

Penticton, British Columbia
March 23, 2007

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Statement of Financial Position

December 31, 2006
(With comparative figures for 2005)

	2006	2005
FINANCIAL ASSETS		
Cash	$ 10,984,754	$ 2,640,961
Term Deposits	54,637,362	38,512,143
Receivables		
Property Taxes	524,333	732,491
Federal Government	434,131	346,085
Province of B.C.	741,031	281,072
Other Government Agencies	38,894	47,839
Utility Accounts	2,513,026	2,284,864
Accrued Interest	517,666	279,975
Other	1,734,692	2,436,188
Deposit - Municipal Finance Authority	1,518,714	1,168,540
	73,644,603	48,730,158
LIABILITIES		
Payables		
Provincial Government	27,643	51,968
Federal Government	1,274,432	1,438,152
Trade Accounts and Accrued Liabilities	8,024,585	7,056,039
Development Cost Charges	2,857,443	1,738,844
Deferred Revenue	13,055,507	2,653,525
Sundry Deposits	1,700,753	1,817,350
Penticton Public Library	115,401	110,970
Reserve - Municipal Finance Authority	1,518,714	1,168,540
Long-term Debt	21,544,526	13,184,871
	50,119,004	29,220,259
Net Financial Assets (Liabilities)	23,525,599	19,509,899
Physical Assets		
Capital Assets	252,782,799	240,903,262
Net Position	$ 276,308,398	$ 260,413,161
Municipal Position		
Equity in Physical Assets	231,238,273	227,718,391
Capital and Operating Fund	33,608,735	21,874,138
Statutory Reserve Funds	11,461,390	10,820,632
	$ 276,308,398	$ 260,413,161

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Statement of Financial Activities

December 31, 2006
(With comparative figures for 2005)

	2006	2006 Budget (Unaudited)	2005
REVENUE			
Taxation - net	$ 20,203,420	$ 20,169,552	$ 18,895,912
Grants in Lieu of Taxes	187,546	178,499	185,363
Sales of Services	40,901,402	39,714,195	38,810,963
Other Revenue from Own Sources	8,473,078	5,103,639	4,974,240
Interest Revenue	181,694	-	252,971
Actuarial Adjustments	350,878	-	238,649
Contributions from Developers and Others	1,218,880	-	1,107,879
Unconditional Transfers - Provincial Government	444,321	390,000	390,272
Conditional Transfers - Federal Government	595,256	146,000	567,382
Conditional Transfers - Provincial Government	98,707	9,842,850	780,152
Conditional Transfers - Regional and Local Governments	250,418	43,995	234,024
Municipal Finance Authority Debt Reserve Surplus	12,220	-	-
	72,917,820	75,588,730	66,437,807
EXPENDITURE			
General Government Services	6,702,319	6,346,693	5,325,910
Protective Services	10,500,551	10,642,439	9,456,156
Transportation Services	3,785,099	4,566,152	3,977,875
Environmental Health Services	6,138,442	6,217,971	5,686,029
Public Health Services	117,038	125,164	123,416
Environmental Development Services	2,724,489	2,627,753	2,205,061
Recreation and Cultural Services	7,573,923	7,056,928	6,985,114
Electric Supply	19,187,346	18,419,077	17,498,509
Bank Charges and Interest	104,444	41,100	56,526
Capital Expenditures	12,068,464	39,838,044	11,140,833
	68,902,115	95,881,321	62,455,429
Net Revenue/(Expenditure)	4,015,705	(20,292,591)	3,982,378
Proceeds from Long Term Debt	9,465,000	14,104,772	2,295,000
Debt Principal Repayments	(754,465)	(754,463)	(1,047,908)
Sinking Fund Actuarial Amount	(350,878)	-	(238,649)
Increase/(Decrease) in Fund Balances	$ 12,375,362	$ (6,942,282)	$ 4,990,821

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Statement of Changes in Financial Position

December 31, 2006
(With comparative figures for 2005)

	2006	2005
Cash flows from (to)		
Operations		
Net increase(decrease) in financial equity	$ 12,940,621	$ 4,990,823
Net increase in equity in capital assets	3,519,882	9,895,491
Decrease(increase) in accounts receivable	162,431	864,057
Decrease(increase) in taxes and utilities receivable	(585,265)	(1,185,733)
Decrease(increase) in investments	(237,691)	(4,325)
Increase(decrease) in accounts payable	1,903,531	545,895
Increase(decrease) in refundable deposits	(116,597)	(359,649)
Increase(decrease) in deferred revenue	10,401,982	322,439
Net cash from operations	27,988,894	15,068,998
Financing		
Increase in long term debt	9,465,000	2,295,000
Principal repayments on long-term debt	(1,105,343)	(1,285,858)
Decrease in deposits - MFA	(350,174)	(256,484)
Decrease in MFA cash and demand notes payable	350,174	256,484
	8,359,657	1,009,142
Investments		
Expenditures on capital assets	(12,068,464)	(11,140,833)
Cost of assets disposed and write-down	188,928	236,899
	(11,879,536)	(10,903,934)
Change in cash and short-term investments	24,469,015	5,174,206
Cash and short-term investments, beginning of year	41,153,104	35,978,898
Cash and short-term investments, end of year	$ 65,622,119	$ 41,153,104
Consisting of:		
Restricted cash		
Statutory reserves and deferred revenue	30,149,322	14,602,393
Utilities	14,739,357	8,746,653
	44,888,679	23,349,046
Current funds	20,733,440	17,804,058
	$ 65,622,119	$ 41,153,104

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Statement of Statutory Reserve Fund Operations

December 31, 2006
(With comparative figures for 2005)

		2006	2005
BALANCE, BEGINNING OF YEAR		$ 10,820,630	$ 9,418,045
ADD			
Transfers from			
Revenue Funds		1,989,634	2,070,988
Capital Funds		119,480	-
Interest Earned		404,158	252,973
		13,333,902	11,742,006
DEDUCT			
Transfers to			
Capital Funds		1,872,512	921,376
		$ 11,461,390	$ 10,820,630

Summary of Statutory Reserve Fund Balances

FUND BALANCES			
Equipment Replacement		$ 2,577,093	$ 3,299,480
Tax Sale Lands		6,092	5,862
Development Cost Charges	- Roads	163,456	309,747
	- Public Open Space	1,111,137	665,662
	- Water Mains/Filtration Plant	613,366	384,895
	- Sanitary Sewer	564,698	87,777
	- Storm Sewer	404,786	290,763
Capital		2,270,914	1,941,409
Local Improvement		1,374,229	1,093,390
Sewer System Capital		1,394,930	1,342,182
Water System Capital		2,380,477	2,290,462
Electric Capital		818,043	787,110
Off-Site Parking		75,358	60,735
Community Works		564,254	-
		14,318,833	12,559,474
LESS:			
Development Cost Charges		2,857,443	1,738,844
		$ 11,461,390	$ 10,820,630

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Statement of Equity in Capital Assets

December 31, 2006
(With comparative figures for 2005)

	2006	2005
BALANCE, BEGINNING OF YEAR	$ 227,718,391	$ 217,822,900
ADD		
Assets Acquired by Transfer		
Federal Government	-	556,938
Provincial Government	30,852	576,380
Development Cost Charges Reserve Fund	442,974	171,748
Capital Reserve Fund	70,821	24,980
Equipment Replacement Reserve Fund	1,745,104	716,142
Revenue Funds	211,425	6,617,552
Interest Earned	45,704	2,539
Retirement of Long-term Debt	754,465	1,047,208
Actuarial Sinking Fund Requirement	350,878	238,649
Repayment of Loan from Local Improvement Reserve Fund	56,587	180,254
	3,708,810	10,132,390
DEDUCT		
Assets Written Off	188,928	236,899
BALANCE, END OF YEAR	$ 231,238,273	$ 227,718,391

See accompanying notes to the financial statements

TREASURER

The notes to the Consolidated Financial Statements are an integral part of the statements. They explain the significant accounting and reporting policies and principles underlying these statements. They also provide relevant supplementary information and explanations which cannot be conveniently expressed in the Consolidated Financial Statements.

1. ACCOUNTING POLICIES

(a) The municipality reports its activities on the fund accounting basis as followed by British Columbia municipalities;
(b) In accordance with accounting and reporting requirements of the Ministry of Community Services, depreciation is not recorded;
(c) The Consolidated Statements include all General, Capital and Utility Funds of the Municipality;
(d) All fund bank accounts are consolidated in the General Revenue Fund;
(e) Capital assets are recorded at cost;
(f) Comparative figures have changed to reflect the current year financial statement presentation.

Municipal Finance Authority
Cash Deposits and Demand Notes
The Municipality issues the majority of its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the Municipal Finance Authority as a debt reserve fund. The Municipality also executes demand notes in connection with each debenture whereby the Municipality may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature.

Debenture Debt
Principal payments due for the next five years (in thousand of dollars) are forecasted as follows:

	2007	2008	2009	2010	2011
General Fund	$457	$1,534	$1,866	$2,149	$2,194
Sewer Fund	112	600	661	738	800
Water Fund	314	461	484	519	549
	$883	$2,595	$3,011	$3,406	$3,543

Reserves for Future Expenditure
Reserves for future expenditure are non-statutory reserves which represent an appropriation of surplus for specific purposes. Transfers to reserves for future expenditure include funds to finance incomplete projects and accumulations for specific purposes.

Interfund Balances and Transactions
All material interfund transactions and balances have been eliminated within the consolidated financial statements.

Statutory Reserve Funds
The use of these funds is restricted by the Community Charter and associated Municipal Bylaws. Statutory reserve funds are funded 100% by cash and temporary investments.

Financial Instruments
The City's financial instruments consists of cash and temporary investments, accounts receivable, accrued interest, long term investments, accounts payable and long term debt. Unless otherwise noted, it is management's opinion that the city is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying value, unless otherwise noted.

Budget Figures
The budget figures are from the Annual Five-Year Financial Plan Bylaw adopted before May 15 of each year. Subsequent amendments have been made by the Council to reflect changes in the budget as required by law.

Use of Estimates
The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Object Reporting
The total funds expended by the City (in thousands of dollars):

	2006	2005
Payroll	$17,034	$16,755
Supplies and Services	53,557	45,880

2. FINANCIAL ASSETS AND LIABILITIES

Temporary investments (in thousands of dollars) recorded at cost and are as follows:

Type of Investments	**2006**	**2005**
Cash	$10,985	$2,641
Municipal Finance Authority Bond Fund	7,917	7,571
Government and Bank Issued Accrual Notes and Debenture	7,850	10,385
Guarantee Investments Certificates and Deposit Notes	38,870	20,556
Total Cash and Temporary investments	$65,622	$41,153

Accounts Receivables (in thousands of dollars) recorded net of allowance:

Type of Receivable	**2006**	**2005**
Property tax	$524	$732
Accounts Receivable	1,735	2,436
Federal Government	434	346
Provincial Government	741	281
Other Government	38	47
Utilities	2,513	2,285
Total Accounts Receivable	$5,985	$6,127

Capital Assets by type (in thousands of dollars)

	2006	**2005**
Engineering Structures	$163,600	$154,887
Buildings	48,196	47,354
Machinery and Equipment	26,047	23,746
Land	14,939	14,916
	$252,782	$240,903

Development Cost Charges (DCC)

The City collects development cost charges to pay for a proportionate share of infrastructure related to new growth. In accordance with the Local Government Act of BC, these funds must be deposited into a separate reserve fund. When the related costs are incurred, the DCCs are recognized as revenue. Because these funds are restricted in nature, they are shown as a liability.

DCC by type	**2006**	**2005**
Roads	$163	$310
Parks	1,111	665
Drainage	405	291
Waste Water	565	88
Water	613	385
TOTAL	$2,857	$1,739
DCC Activity		
Balance, beginning of year	$1,739	$1,467
Return on investments	83	41
DCCs levied in the year	1,868	1,133
Transfers to General Capital	(444)	(95)
Transfers to General Operating	(239)	(266)
Transfers to Wastewater Capital	-	(441)
Transfers to Water Capital	-	-
Transfer to Water Operating	(150)	(100
Balance, end of year	$2,857	$1,739

3. CONTINGENT LIABILITIES

Regional District of Okanagan Similkameen

Under Section 836 of the *Local Government Act,* all monies borrowed by a Regional District, shall be upon its credit at large and shall, in the event of any default, constitute an indebtedness of the member municipalities for which they are jointly and severally liable. At December 31, 2006, the long-term debt of the Regional District aggregated $55,287,107 (2005 - $37,157,279).

Legal Actions

As at December 31, 2006, certain other legal actions are pending against the Municipality, the outcome of which cannot be determined at this time. As it is not possible to determine the outcome of these proceedings, no provision for any potential liability has been recorded in the accounts.

Pension Liability

The municipality and its employees contribute to the Municipal Pension Plan (the plan) a jointly trusteed pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 140,000 active members and approximately 51,000 retired members. Active members include approximately 31,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2003 indicated an unfunded liability of $789 million for basic pension benefits. The next valuation was to be as at December 31, 2006 with results available in 2007. These results were not available in time for these audited financial statements.

The actuary does not attribute portions of the unfunded liability to individual employers. The City of Penticton paid $1,190,460 for employer contributions to the plan in fiscal 2006.

4. COMMITMENTS

With respect to the construction of the South Okanagan Event Centre, the City has signed a contract with Giffels Design-Build Inc. in the amount of $59,813,242. As of December 31, 2006 the City paid $762,234.49. The City has signed an interim operating agreement with Global Spectrum Facility Management, L.P. for six months subject to renewal if necessary on June 30, 2007. The value of the contract is $100,000.

5. LETTERS OF CREDIT

In addition to the performance deposits reflected in the Statement of Financial Position, the City is holding irrevocable Letters of Credit in the amount of $3,799,487 which were received from depositors to ensure their performance of works to be undertaken within the city. These amounts are not reflected in the financial statements but are available to satisfy liabilities arising from non-performance by the depositors.

6. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of $565,261 has been made to consolidated utility accounts receivable and comparative amounts have been restated to reflect the change in consolidated utility accounts receivable. Corresponding changes have been made in 2005 to consolidated utility accounts receivable, consolidated net financial assets, consolidated capital and operating fund surplus, consolidated sales of service revenue, consolidated net revenue and the increase in consolidated fund balances for the year, in the amount of $565,261, respectively.

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL REVENUE FUND

Statement of Financial Position

December 31, 2006
(With comparative figures for 2005)

	2006	2005
ASSETS		
CASH	$ 10,984,754	$ 2,640,961
TERM DEPOSITS	54,637,362	38,512,143
RECEIVABLES		
Property Taxes	524,333	732,491
Federal Government	434,131	346,085
Provincial Government	741,031	281,072
Regional District Okanagan Similkameen	12,315	16,243
Other Government Agencies	26,579	31,596
General Capital Fund	72,667	289,456
Water Capital Fund	550,883	550,883
Other	1,715,791	2,102,009
	4,077,730	4,349,835
MATERIALS AND SUPPLIES	432,268	392,524
OTHER ASSETS		
Trusts and Other Deposits Municipal Finance Authority	640,763	448,972
Accrued Interest Receivable	517,666	279,975
Prepaid Expenses	87,372	107,847
	1,245,801	836,794
	$ 71,377,915	$ 46,732,257

See accompanying notes to the financial statements

TREASURER

	2006	2005
LIABILITIES AND SURPLUS		
PAYABLES		
Other Funds		
Equipment Replacement Reserve Fund	$ 2,577,093	$ 3,299,480
Tax Sale Lands Reserve Fund	6,092	5,862
Development Cost Charges Reserve Fund	2,857,442	1,738,844
Capital Reserve Fund	2,270,915	1,941,409
Local Improvement Reserve Fund	687,781	469,835
Water Capital Reserve Fund	2,380,477	2,290,462
Water Capital Fund	3,250,871	-
Sewer Capital Reserve Fund	1,394,930	1,342,182
Electric Capital Reserve	818,043	787,110
Off-Site Parking Reserve Fund	75,357	60,735
Community Works Reserve Fund	564,254	-
Cemetery Perpetual Care Fund	210,560	12,949
	17,093,815	11,948,868
Sewer Utility	2,936,425	2,753,804
Water Utility	2,109,513	1,617,615
Electric Utility	5,121,688	3,659,923
General Capital Fund	4,571,731	715,311
Federal Government	1,274,432	1,438,152
Provincial Government	27,643	51,968
Trade Accounts and Accrued Liabilities	7,814,025	7,056,039
Deferred Revenues	13,055,507	2,653,525
Sundry Deposits	1,141,928	1,240,583
Penticton Public Library	115,400	110,970
Municipal Finance Authority Debt Reserve Fund		
Cash Requirement	160,980	107,677
Demand Note Requirement	479,783	341,294
	640,763	448,971
RESERVES FOR FUTURE EXPENDITURES		
Capital Expenditures	1,388,689	2,019,958
Operating Expenditures	407,948	239,795
	1,796,637	2,259,753
ASSET VALUATION ALLOWANCES		
Allowance for Doubtful Accounts	66,206	59,206
OTHER RESERVES		
Own Reserves	9,757,211	6,646,380
SURPLUS	3,854,991	4,071,189
	$ 71,377,915	$ 46,732,257

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL REVENUE FUND

Statement of Revenues and Expenditures

December 31, 2006
(With comparative figures for 2005)

	2006 Actual	2006 Budget (Unaudited)	2005
REVENUE			
Taxation			
Real Property	$ 19,574,756	$ 19,588,638	$ 18,340,233
Special Assessments	264,865	217,822	199,791
	19,839,621	19,806,460	18,540,024
Grants in Lieu of Taxes			
Federal Government	70,516	65,000	71,852
Provincial Government	117,030	113,499	113,511
	187,546	178,499	185,363
Sales of Services	10,660,491	10,186,270	9,999,807
Other Revenue from Own Sources	8,473,078	5,103,639	6,847,224
Municipal Finance Authority Debt Reserve Fund	2,848	-	337,784
Municipal Finance Authority Debt Proceeds	-	10,849,772	289,456
Unconditional Transfers - Provincial Government	413,469	390,000	390,272
Conditional Transfers - Federal Government	595,256	146,000	10,444
Conditional Transfers - Provincial Government	51,494	9,842,850	125,123
Conditional Transfers - Regional and Local Governments	42,291	43,995	32,807
Transfer from Own Reserves	2,751,004	5,192,645	2,469,500
Transfer from Other Funds			
Development Cost Charges Reserve Fund	239,192	665,190	265,551
Water Utility Fund	5,000	5,000	-
Sewer Utility Fund	5,000	5,000	-
Electric Utility Revenue Fund	2,552,116	3,312,000	3,340,000
	25,791,239	45,742,361	24,107,968
Collections for Other Governments	18,126,115	17,060,858	16,919,158
	$ 63,944,521	$ 82,788,178	$ 59,752,513

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL REVENUE FUND

Statement of Revenues and Expenditures

December 31, 2006
(With comparative figures for 2005)

		2006 Actual	2006 Budget (Unaudited)	2005
EXPENDITURE				
General Government Services		6,639,930	6,346,693	6,567,583
Protective Services		10,243,901	10,642,439	9,199,507
Transportation Services		3,717,506	4,566,152	3,928,065
Environmental Health Services		1,039,895	1,369,936	1,007,968
Public Health Services		117,038	125,164	123,416
Environmental Development Services		2,724,489	2,627,753	2,205,061
Recreation and Cultural Services		7,353,827	7,056,928	6,708,558
		31,836,586	32,735,065	29,740,158
Fiscal Services				
Bank Charges and Interest		104,444	41,100	56,526
Long-term Debt Charges	- Interest	544,340	702,424	583,016
	- Principal	474,721	287,810	768,164
		1,123,505	1,031,334	1,407,706
Transfer to Own Reserves		5,974,974	1,962,950	4,678,997
Transfer to Other Funds				
Development Cost Charges Reserve Fund		1,040,393	690,000	872,837
Equipment Replacement Reserve Fund		909,468	872,789	910,290
General Capital Fund		4,347,404	28,261,688	3,469,210
Local Improvement Reserve Fund		195,637	104,837	221,187
Capital Reserve		319,149	48,657	939,411
Cemetery Perpetual Care Trust Fund		17,228	20,000	17,270
		6,829,279	29,997,971	6,430,205
Transfer to Other Governments and Boards		18,106,919	17,060,858	16,919,082
Transfer to/(from) Surplus		73,258	-	576,365
		$ 63,944,521	$ 82,788,178	$ 59,752,513

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL CAPITAL FUND

Statement of Financial Position

December 31, 2006
(With comparative figures for 2005)

	2006	2005
ASSETS		
RECEIVABLES		
Due from General Revenue	$ 4,571,731	$ 715,311
FIXED ASSETS		
Engineering Structures	66,149,466	61,323,474
Buildings	38,573,928	37,772,612
Machinery and Equipment	24,969,439	22,764,889
Land	14,401,273	14,379,434
	144,094,106	136,240,409
	$ 148,665,837	$ 136,955,720
LIABILITIES AND EQUITY IN CAPITAL ASSETS		
PAYABLES		
General Revenue Fund	$ 72,667	$ 289,456
Loan from Local Improvement Fund	434,323	440,874
LONG-TERM DEBT		
Debentures Authorized and Issued	12,961,846	8,679,469
EQUITY IN CAPITAL ASSETS	135,197,001	127,545,921
	$ 148,665,837	$ 136,955,720

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL CAPITAL FUND

Statement of Equity in Capital Assets

December 31, 2006
(With comparative figures for 2005)

	2006	2005
BALANCE, BEGINNING OF YEAR	$ 127,545,921	$ 121,512,045
ADD		
Assets Acquired by Transfer		
Federal Government	-	556,938
Provincial Government	30,852	576,380
Development Cost Charges Reserve Fund	442,974	95,467
Capital Reserve Fund	70,821	24,980
Equipment Replacement Reserve Fund	1,745,104	716,142
General Revenue Fund	4,347,403	3,469,211
Interest Earned	45,704	2,539
Other Contributions	348,519	240,601
Repayment of Long-term Debt	764,177	767,466
Actuarial Sinking Fund Requirement	37,902	26,070
Repayment of Loan from Local Improvement Reserve Fund	49,751	84,438
	7,883,207	6,560,232
DEDUCT		
Assets Written Off	188,928	236,900
Prior Period Adjustment	43,199	-
Reclassification of Equity to Debt	-	289,456
	232,127	526,356
BALANCE, END OF YEAR	$ 135,197,001	$ 127,545,921

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL CAPITAL FUND

Statement of Capital Financing

December 31, 2006
(With comparative figures for 2005)

	2006	2005
FINANCES ACQUIRED		
Unexpended Funds at Beginning of Year	$ 715,311	$ 673,827
Federal Government	-	556,938
Provincial Government	30,852	576,380
Transfers from		
Development Cost Charges Reserve Fund	442,974	95,467
Capital Reserve Fund	70,821	24,980
Equipment Replacement Reserve Fund	1,745,104	716,142
General Revenue Fund	4,347,403	3,469,211
Interest Earned	45,704	2,539
Other Contributions	348,519	240,601
Repayment of Loan from Local Improvement Reserve Fund	49,751	84,438
Debt Proceeds	4,795,000	2,005,544
Temporary Borrowings and Payables at End of Year	506,990	730,330
Prior Period Adjustment	289,456	-
	$ 13,387,885	$ 9,176,397
FINANCES APPLIED		
Temporary Borrowings and Payables At Beginning of Year	$ 730,330	$ 584,638
Expenditures for General Fixed Assets	8,042,625	7,876,448
Prior Period Adjustment	43,199	-
Unexpended Funds at End of Year	4,571,731	715,311
	$ 13,387,885	$ 9,176,397

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

RESERVE FUNDS

Statement of Financial Position

December 31, 2006
(With comparative figures for 2005)

		2006	2005
BALANCE, BEGINNING OF YEAR		$ 10,820,630	$ 9,418,045
ADD			
Transfers from			
Revenue Funds		1,989,634	2,070,988
Capital Funds		119,480	-
Interest Earned		404,158	252,973
		13,333,902	11,742,006
DEDUCT			
Transfers to			
Capital Funds		1,872,512	921,376
		$ 11,461,390	$ 10,820,630

Summary of Statutory Reserve Fund Balances

FUND BALANCES			
Equipment Replacement		$ 2,577,093	$ 3,299,480
Tax Sale Lands		6,092	5,862
Development Cost Charges	- Roads	163,456	309,747
	- Public Open Space	1,111,137	665,662
	- Water Mains/Filtration Plant	613,366	384,895
	- Sanitary Sewer	564,698	87,777
	- Storm Sewer	404,786	290,763
Capital		2,270,914	1,941,409
Local Improvement		1,374,229	1,093,390
Sewer System Capital		1,394,930	1,342,182
Water System Capital		2,380,477	2,290,462
Electric Capital		818,043	787,110
Off-Site Parking		75,358	60,735
Community Works		564,254	-
		14,318,833	12,559,474
LESS:			
Development Cost Charges		2,857,443	1,738,844
		$ 11,461,390	$ 10,820,630

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

RESERVE FUNDS

Statement of Changes in Fund Balances

December 31, 2006
(With comparative figures for 2005)

	Equipment Replacement	Tax Sale Lands	Capital	Development Cost Charges	Local Improvement	Sewer Capital	Water Capital	Electric Capital	Off-Street Parking	Community Works	2006 Total	2005 Total
BALANCE, BEGINNING OF YEAR	$ 3,299,480	5,862	1,941,409	1,738,844	1,093,390	1,342,182	2,290,462	787,110	60,735	-	$ 12,559,474	$ 10,884,563
ADD												
Transfers from												
General Revenue Fund	909,468		319,149	1,040,393	195,637				12,000	553,380	3,030,027	2,943,825
Sewer Revenue Fund				466,454							466,454	36,434
Sewer Capital Fund					119,480						119,480	-
Water Revenue Fund				361,208							361,208	224,190
Interest Earned	113,249	230	81,177	82,710	22,309	52,748	90,015	30,933	2,623	10,874	486,868	293,987
	4,322,197	6,092	2,341,735	3,689,609	1,430,816	1,394,930	2,380,477	818,043	75,358	564,254	17,023,511	14,382,999
DEDUCT												
Transfers to												
General Capital Fund	1,745,104		70,821	442,974	49,751						2,308,650	825,560
Sewer Capital Fund					6,836						6,836	95,816
Water Revenue Fund				150,000							150,000	100,000
Sewer Revenue Fund				-							-	441,131
General Revenue Fund				239,192							239,192	361,018
BALANCE, END OF YEAR	$ 2,577,093	$ 6,092	$ 2,270,914	$ 2,857,443	$ 1,374,229	$ 1,394,930	$ 2,380,477	$ 818,043	$ 75,358	$ 564,254	$ 14,318,833	$ 12,559,474

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

SEWER SYSTEM UTILITY
Revenue Fund

Statement of Financial Position

December 31, 2006
(With comparative figures for 2005)

	2006	2005
ASSETS		
RECEIVABLES		
General Revenue Fund	$ 2,936,424	$ 2,753,804
MATERIALS AND SUPPLIES	23,843	27,045
TRUSTS AND OTHER DEPOSITS		
Municipal Finance Authority	351,493	345,579
	$ 3,311,760	$ 3,126,428
LIABILITIES AND SURPLUS		
DEPOSITS	$ 119,712	$ 2,421
MUNICIPAL FINANCE AUTHORITY DEBT RESERVE FUND		
Cash Requirement	134,669	128,755
Demand Note Requirement	216,824	216,824
RESERVE FOR FUTURE EXPENDITURES	490,594	103,205
SURPLUS		
Balance at beginning of year	2,675,223	1,874,933
Transfer from/(to) Sewer Revenue	(325,262)	800,290
Balance at end of year	2,349,961	2,675,223
	$ 3,311,760	$ 3,126,428

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

SEWER SYSTEM UTILITY
Revenue Fund

Statement of Revenues and Expenditures

December 31, 2006
(With comparative figures for 2005)

		2006 Actual	2006 Budget (Unaudited)	2005
REVENUE				
Sewer Levy		$ 363,799	$ 363,092	$ 355,888
Sewer Fixture Charges		2,459,282	2,382,970	2,173,903
Sewer Connections and Recoveries		65,927	92,000	86,654
Development Cost Charges		466,454	20,000	35,576
Provincial Government Conditional Grant		15,081	-	5,449
Okanagan Basin Water Board Conditional Grant		208,127	207,182	201,217
Municipal Finance Authority Debt Reserve Refund		2,030	-	3,566
Transfer from Own Reserve - Future Expenditures		103,205	93,909	462,146
Transfer from Development Cost Charges Reserve Fund		-	24,250	441,131
TOTAL REVENUE		$ 3,683,905	$ 3,183,403	$ 3,765,530
EXPENDITURE				
Administration		$ 449,621	$ 500,245	$ 391,804
Sewage Collection Systems		204,379	284,250	209,208
Lift Station, Operation & Maintenance		58,902	64,071	44,829
Sewage Treatment and Disposal		1,346,923	1,301,314	1,186,198
Other		264	5,000	3,080
Long-term Debt Charges	- Interest	223,854	243,500	236,000
	- Principal	111,898	111,897	111,898
Contributions to Capital Fund		651,277	1,145,908	651,879
Transfer to Development Cost Charges Reserve		466,455	20,001	36,435
Transfer to Own Reserve - Future Expenditures		490,594	-	93,909
Transfer to General Revenue Fund		5,000	5,000	-
Transfer to/(from) Surplus		(325,262)	(497,783)	800,290
TOTAL EXPENDITURE		$ 3,683,905	$ 3,183,403	$ 3,765,530

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

SEWER SYSTEM UTILITY
Capital Fund

Statement of Financial Position

December 31, 2006
(With comparative figures for 2005)

	2006	2005
ASSETS		
FIXED ASSETS		
Engineering Structures	$ 32,144,774	$ 31,517,841
Buildings	4,828,895	4,828,895
Machinery and Equipment	386,105	334,609
Land	137,521	137,521
	$ 37,497,295	$ 36,818,866
LIABILITIES AND EQUITY IN CAPITAL ASSETS		
PAYABLES		
Loan from Local Improvement Fund	$ 252,126	$ 182,681
LONG-TERM DEBT		
Debentures Authorized and Issued	887,745	1,128,231
EQUITY IN CAPITAL ASSETS	36,357,424	35,507,954
	$ 37,497,295	$ 36,818,866

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

SEWER SYSTEM UTILITY
Capital Fund

Statement of Equity in Capital Assets

December 31, 2006
(With comparative figures for 2005)

	2006	2005
BALANCE, BEGINNING OF YEAR	$ 35,507,954	$ 34,300,071
ADD		
Development Cost Charges Reserve Fund	-	76,281
Utility Revenue Fund	651,277	651,879
Other Contributions	27,152	154,874
Retirement of Long-term Debt	111,898	111,896
Actuarial Sinking Fund Requirement	128,588	117,137
Repayment of Loan from Local Improvement Reserve Fund	6,836	95,816
	925,751	1,207,883
DEDUCT		
Prior Period Adjustment	76,281	-
BALANCE, END OF YEAR	$ 36,357,424	$ 35,507,954

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

SEWER SYSTEM UTILITY

Statement of Capital Financing

December 31, 2006
(With comparative figures for 2005)

	2006	2005
FINANCES ACQUIRED		
Transfers from		
Development Cost Charges Reserve Fund	$ -	$ 76,281
Utility Revenue Fund	651,277	651,879
Other Contributions	27,152	154,874
Repayment of Loan from		
Local Improvement Reserve Fund	6,836	95,816
Temporary Borrowings and Payables at End of Year	252,126	182,681
	$ 937,391	$ 1,161,531
FINANCES APPLIED		
Prior Period Adjustment	$ 76,281	$ -
Temporary Borrowings and Payables at Beginning of Year	182,681	149,386
Expenditure for Fixed Assets	678,429	1,012,145
	$ 937,391	$ 1,161,531

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

WATER SYSTEM UTILITY
Revenue Fund

Statement of Financial Position

December 31, 2006
(With comparative figures for 2005)

		2006		2005
ASSETS				
RECEIVABLES				
General Revenue Fund	$	2,109,513	$	1,617,615
Utility Rates		301,563		260,013
Other		3,624		6,548
MATERIALS AND SUPPLIES		148,177		155,698
TRUSTS AND OTHER DEPOSITS				
Municipal Finance Authority		526,458		373,989
	$	3,089,335	$	2,413,863
LIABILITIES AND SURPLUS				
PAYABLES				
Deposits	$	149,829	$	106,407
MUNICIPAL FINANCE AUTHORITY DEBT RESERVE FUND				
Cash Requirement		154,050		115,591
Demand Note Requirement		372,408		258,398
RESERVE FOR FUTURE EXPENDITURES		445,457		210,007
SURPLUS				
Balance at beginning of year		1,723,460		1,636,024
Transfer from/(to) Water Revenue		244,131		87,436
Balance at end of year		1,967,591		1,723,460
	$	3,089,335	$	2,413,863

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

WATER SYSTEM UTILITY
Revenue Fund

Statement of Revenues and Expenditures

December 31, 2006
(With comparative figures for 2005)

		2006 Actual	2006 Budget (Unaudited)	2005
REVENUE				
Water Rates		$ 3,833,855	$ 3,840,834	$ 3,202,627
Recoveries - Connections, Service & Other		156,820	127,131	32,298
Development Cost Charges		361,209	125,000	219,671
Provincial Government Conditional Grant		32,132	5,000	73,200
MFA Debt Reserve Fund		7,342	-	-
Transfer from Own Reserve - Future Expenditures		210,007	210,007	550,386
Transfer from Development Cost Charges Reserve Fund		150,000	155,180	100,000
TOTAL REVENUE		$ 4,751,365	$ 4,463,152	$ 4,178,182
EXPENDITURE				
Administration		$ 557,893	$ 604,513	$ 525,781
Purification and Treatment		613,595	762,200	614,656
Transmission and Distribution		727,639	641,111	715,943
Pumping		180,343	289,700	172,505
Customer Billing and Collection		388,991	323,500	154,751
Other		73,101	77,131	19,020
Long-term Debt Charges	- Interest	273,042	403,250	404,286
	- Principal	167,846	167,847	167,846
Contributions to Capital Fund		713,119	1,322,596	881,761
Transfer to Development Cost Charges Reserve		361,208	125,000	224,190
Transfer to General Revenue Fund		5,000	5,000	-
Transfer to Own Reserve - Future Expenditures		445,457	-	210,007
Transfer to/(from) Surplus		244,131	(258,696)	87,436
TOTAL EXPENDITURE		$ 4,751,365	$ 4,463,152	$ 4,178,182

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

WATER SYSTEM UTILITY
Capital Fund

Statement of Financial Position

December 31, 2006
(With comparative figures for 2005)

	2006	2005
ASSETS		
RECEIVABLES		
Due from General Revenue Fund	$ 3,250,872	$ -
FIXED ASSETS		
Engineering Structures	44,568,131	42,328,837
Buildings	2,942,379	2,915,633
Machinery and Equipment	229,864	222,974
Land	338,566	338,566
	48,078,940	45,806,010
	$ 51,329,812	$ 45,806,010
LIABILITIES AND EQUITY IN CAPITAL ASSETS		
PAYABLES		
Due to General Revenue Fund	$ 550,883	$ 550,883
LONG-TERM DEBT		
Debentures Authorized and Issued	7,694,935	3,377,870
EQUITY IN CAPITAL ASSETS	43,083,994	41,877,257
	$ 51,329,812	$ 45,806,010

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

WATER SYSTEM UTILITY
Capital Fund

Statement of Equity in Capital Assets

December 31, 2006
(With comparative figures for 2005)

	2006	2005
BALANCE, BEGINNING OF YEAR	$ 41,877,257	$ 40,512,806
ADD		
Utility Revenue Fund	713,119	881,761
Other Contributions	140,683	219,402
Retirement of Long-term Debt	167,846	167,846
Actuarial Sinking Fund Requirement	185,089	95,442
	1,206,737	1,364,451
BALANCE, END OF YEAR	$ 43,083,994	$ 41,877,257

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

WATER SYSTEM UTILITY

Statement of Capital Financing

December 31, 2006
(With comparative figures for 2005)

	2006	2005
FINANCES ACQUIRED		
Temporary Borrowings and Payables at End of Year	$ 550,883	$ 550,883
Transfers from		
Utility Revenue Fund	713,119	881,761
Other Contributions	140,683	219,402
Debt Proceeds	4,670,000	-
Unexpended Funds at the Beginning of the year	-	-
	$ 6,074,685	$ 1,652,046
FINANCES APPLIED		
Temporary Borrowings and Payables at Beginning of Year	$ 550,883	$ 550,883
Expenditure for Fixed Assets	2,272,930	1,101,163
Unexpended funds at the end of the year	3,250,872	-
	$ 6,074,685	$ 1,652,046

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

ELECTRIC SYSTEM UTILITY
Revenue Fund

Statement of Financial Position

December 31, 2006
(With comparative figures for 2005)

	2006	2005
ASSETS		
RECEIVABLES		
General Revenue Fund	$ 5,121,688	$ 3,659,923
Utility Rates	2,211,463	1,459,590
Other	15,277	219,781
MATERIALS AND SUPPLIES	1,576,331	1,580,747
	$ 8,924,759	$ 6,920,041
LIABILITIES AND SURPLUS		
PAYABLES		
Deposits	$ 289,284	$ 467,940
RESERVE FOR FUTURE EXPENDITURES	342,926	23,000
SURPLUS		
Balance at beginning of year	6,429,101	5,927,423
Transfer from/(to) Electric Revenue	1,863,448	501,678
Balance at end of year	8,292,549	6,429,101
	$ 8,924,759	$ 6,920,041

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

ELECTRIC SYSTEM UTILITY
Revenue Fund

Statement of Revenue and Expenditures

December 31, 2006
(With comparative figures for 2005)

	2006 Actual	2006 Budget (Unaudited)	2005
REVENUE			
Rates	$ 23,703,818	$ 22,317,240	$ 21,550,931
Recoveries - Connections & Other	590,972	598,500	393,101
Transfer from Own Reserve - Future Expenditures	23,000	23,000	77,230
TOTAL REVENUE	$ 24,317,790	$ 22,938,740	$ 22,021,262
EXPENDITURE			
Administration	$ 1,901,632	$ 1,252,567	$ 1,847,439
Electrical Energy Purchased for Resale	16,365,866	16,365,866	14,908,348
Transmission and Distribution	422,086	276,000	350,763
Customer Billing and Collection	425,532	445,144	320,509
Other	72,230	79,500	71,450
Transfer to Own Reserve - Future Expenditures	342,926	-	23,000
Contributions to Capital Fund	371,954	1,260,850	658,075
Transfer to General Revenue Fund	2,552,116	3,312,000	1,785,293
Transfer to General Capital Fund	-	-	1,554,707
Transfer to/(from) Surplus	1,863,448	(53,187)	501,678
TOTAL EXPENDITURE	$ 24,317,790	$ 22,938,740	$ 22,021,262

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

ELECTRIC SYSTEM UTILITY
Capital Fund

Statement of Financial Position

December 31, 2006
(With comparative figures for 2005)

	2006	2005
ASSETS		
FIXED ASSETS		
Engineering Structures	$ 20,737,635	$ 19,717,344
Buildings	1,851,095	1,835,556
Machinery and Equipment	461,831	423,181
Land	61,896	61,896
	$ 23,112,457	$ 22,037,977
LIABILITIES AND EQUITY IN CAPITAL ASSETS		
EQUITY IN CAPITAL ASSETS	$ 23,112,457	$ 22,037,977
	$ 23,112,457	$ 22,037,977

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

ELECTRIC SYSTEM UTILITY
Capital Fund

Statement of Equity in Capital Assets

December 31, 2006
(With comparative figures for 2005)

	2006	2005
BALANCE, BEGINNING OF YEAR	$ 22,037,977	$ 20,886,900
ADD		
Utility Revenue Fund	371,954	658,075
Other Contributions	702,526	493,002
	1,074,480	1,151,077
BALANCE, END OF YEAR	$ 23,112,457	$ 22,037,977

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

ELECTRIC SYSTEM UTILITY

Statement of Capital Financing

December 31, 2006
(With comparative figures for 2005)

	2006	2005
FINANCES ACQUIRED		
Transfers from		
Utility Revenue Fund	$ 371,954	$ 658,075
Other Contributions	702,526	493,002
	$ 1,074,480	$ 1,151,077
FINANCES APPLIED		
Expenditure for Fixed Assets	$ 1,074,480	$ 1,151,077
	$ 1,074,480	$ 1,151,077

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Debt Issued and Outstanding
December 31, 2006

Number	Issue Date	Purpose	Issue Amount	Outstanding Amount	Term (Years)	Maturity	Rate	Payee	2007 Payments Interest	2007 Payments Principal
9504	12-Apr-95	Water Treatment Plant	1,000,000	570,350	20	2015	4.75	R.D.O.S.	47,500	30,243
9542	01-Dec-95	Water Treatment Plant	3,000,000	1,711,050	20	2015	7.75	R.D.O.S.	120,000	90,728
9608	01-Jun-96	Water Treatment Plant	1,200,000	743,534	20	2016	7.25	R.D.O.S.	48,000	36,291
2006-07	17-Jul-07	Naramata Rd. Upgrade	4,670,000	4,670,000	20	2026	4.43	R.D.O.S.	206,881	156,827
			9,870,000	7,694,934					422,381	314,089
8903	09-Nov-89	Sewer - Treatment Plant	2,500,000	546,301	20	2009	6.5	R.D.O.S.	162,500	75,606
8962	15-May-90	Sewer - Treatment Plant	1,200,000	341,444	20	2010	6.5	R.D.O.S.	69,000	36,291
			3,700,000	887,745					231,500	111,897
20005	12-Apr-00	RCMP Building	2,500,000	1,985,731	20	2020	6.45	R.D.O.S.	161,250	75,606
20046	07-Nov-00	RCMP Building	1,500,000	1,191,439	20	2020	6.36	R.D.O.S.	95,400	45,364
200315	22-Apr-04	Storm Sewer	337,500	316,576	20	2024	4.86	R.D.O.S.	16,403	10,207
2004-16	25-Oct-04	Parks - Land Acquisition	1,680,000	1,575,845	20	2024	4.975	R.D.O.S.	83,580	50,808
2004-18	25-Oct-04	Road Works - South Main St	195,000	182,911	20	2024	4.975	R.D.O.S.	9,701	5,897
2004-19	25-Oct-04	Road Design - Main St	150,000	140,700	20	2024	4.975	R.D.O.S.	7,463	4,536
2004-20	25-Oct-04	Parks - Integrated Waterfront	550,000	515,901	20	2024	4.975	R.D.O.S.	27,363	16,633
2004-21	25-Oct-04	Parks - Youth Park	50,000	46,900	20	2024	4.975	R.D.O.S.	2,488	1,512
2004-11	06-Apr-05	Wine Information Centre	800,000	768,840	20	2025	5.1	R.D.O.S.	38,396	31,955
2004-20	06-Apr-05	Parks - Integrated Waterfront	520,000	499,746	20	2025	5.1	R.D.O.S.	24,958	20,771
2004-21	13-Oct-05	Parks - Youth Park	150,000	144,963	20	2025	4.17	R.D.O.S.	6,255	5,037
2004-18	13-Oct-05	Parks - Integrated Waterfront	825,000	797,295	20	2025	4.17	R.D.O.S.	34,403	27,705
2006-15	17-Jul-06	Parks - Sportsfields	3,200,000	3,200,000	20	2026	4.43	R.D.O.S.	141,760	107,462
2006-17	17-Jul-06	Road Works - Fairview & Ind	1,595,000	1,595,000	20	2026	4.43	R.D.O.S.	70,659	53,563
			14,052,500	12,961,847					720,079	457,056
			$ 27,622,500	$ 21,544,526					$ 1,373,960	$ 883,042

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

CEMETERY PERPETUAL CARE TRUST FUND

Statement of Financial Position

December 31, 2006
(With comparative figures for 2005)

	2006	2005
ASSETS		
BANK TERM DEPOSITS	$ 473,154	$ 625,000
RECEIVABLES		
General Revenue Fund	210,559	12,949
ACCRUED INTEREST	13,779	14,601
	$ 697,492	$ 652,550
SURPLUS		
BALANCE, BEGINNING OF YEAR	$ 652,550	$ 608,657
ADD:		
Care Fund Contributions	17,228	23,965
Interest Earned	27,714	19,928
	$ 697,492	$ 652,550

See accompanying notes to the financial statements

TREASURER

PENTICTON PUBLIC LIBRARY

(Established under the Provisions of the
Public Libraries Act of British Columbia)

STATEMENT OF REVENUE AND EXPENDITURE

December 31, 2006
(With comparative figures for 2005)

	2006	2005
REVENUE		
Grant City of Penticton		
- Operating	$ 672,700	$ 659,535
- Building and Administration	170,731	163,217
- Equipment Depreciation	16,757	20,222
- Capital	13,929	7,124
Grant Province of B.C. - Operating	105,297	102,946
Grant - Outlook/Legal Services Society	2,387	2,116
Grant - Tech/Equity	15,200	-
Okanagan Regional Library Contract	52,360	49,610
Interest Earned	3,996	2,549
Fines and Fees	34,032	27,104
Miscellaneous Revenue	16,193	10,553
Photocopy Revenue	2,710	2,524
Donations	910	2,471
Legacy/Estate Funds	4,713	4,270
Equipment Replacement Fund	31,149	20,385
	1,143,064	1,074,626
Surplus at Beginning of Year	110,970	75,199
Total Revenue	1,254,034	1,149,825
EXPENDITURE		
Building and Administration	170,731	163,216
Equipment Allowance	26,915	20,222
Acquisitions - Books	152,688	147,410
- Periodicals	20,001	15,430
- Software	-	4,190
- Videos/Audio/Online Subscriptions	9,524	7,270
Book Binding	1,392	1,440
Equipment Maintenance	25,176	12,988
Office Supplies	39,308	35,248
Postage, Freight, Courier, Mileage	5,978	5,576
Salaries and Benefits	629,208	589,049
Staff/Trustee Training and Development	5,239	2,989
Telephone/Fax/Internet	2,110	5,044
Program Support	269	207
Legacy/Estate Projects	5,016	1,067
Total Operating Expenditure	1,093,555	1,011,346
Capital Equipment	45,078	27,509
Total Expenditure	1,138,633	1,038,855
SURPLUS AT END OF YEAR	$ 115,401	$ 110,970

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Financial Statistics
(Unaudited)

	1997**	1998**	1999**	2000**	2001***
Population	30,987	30,987	30,987	30,987	30,985
Assessed Values - General					
Land	1,012,811,459	1,040,610,909	1,033,714,732	995,628,640	999,082,549
Land Exempt	123,682,126	149,736,660	150,917,460	142,114,754	141,266,606
Taxable Land	889,129,333	890,874,249	882,797,272	853,513,886	857,815,943
Improvements	1,316,138,957	1,323,537,812	1,320,489,436	1,337,405,103	1,344,556,402
Improvements Exempt	203,523,095	190,320,833	183,869,582	192,252,631	192,570,333
Taxable Improvements	1,112,615,862	1,133,216,979	1,136,619,854	1,145,152,472	1,151,986,069
Total Taxable Assessment	2,001,745,195	2,024,091,228	2,019,417,126	1,998,666,358	2,009,802,012
Per Capita	64,600	65,321	65,170	64,500	64,864
Assessment Actually Taxed					
General Purposes	1,978,674,195	2,001,292,228	1,996,437,126	1,975,032,758	1,986,275,412
School Purposes	1,996,464,495	2,018,139,812	2,013,650,310	1,998,666,358	2,004,177,143
% Improvement Taxes	100.00%	100.00%	100.00%	100.00%	100.00%
Tax Levy					
General and Debt	12,027,944	12,598,784	12,830,351	13,390,448	14,140,577
School	11,297,397	11,436,496	11,648,997	11,630,813	11,671,618
Regional Hospital	797,707	902,325	917,656	962,087	1,982,487
Other (Excluding Irrigation)	4,593,328	4,789,742	4,852,941	5,012,389	5,102,716
Total Tax Levy	28,716,376	29,727,347	30,249,945	30,995,737	32,897,398
Total Levy (Including Irrigation)	28,856,371	29,867,421	30,390,103	31,136,579	33,037,202
Per Capita	931	964	981	1,005	1,066
General Tax Rate	5.529/8.294	5.706/8.559	5.805/8.708	6.128/9.192	6.436/9.654
Tax Collection					
Current Taxes and Irrigation	28,255,700	29,329,134	29,771,871	30,565,077	32,588,106
% Current Levy Collected	97.9%	98.2%	98.0%	98.2%	98.6%
Arrears and Delinquent	600,954	732,150	716,637	687,640	412,751
Total Taxes Collected	28,856,654	30,061,284	30,488,508	31,252,717	33,000,857
% of Current Levy	100.0%	100.6%	100.3%	100.4%	99.9%
Arrears of Taxes	257,298	240,410	263,097	250,136	505,580
Per Capita	8.30	7.76	8.49	8.07	16.32
Debt					
Gross Debt	11,937,294	11,042,545	9,994,490	13,926,419	13,035,934
Per Capita	385	356	323	449	421
Analysis of Debt (Gross)					
Water Supply System	5,828,024	5,513,594	5,183,443	4,836,783	4,472,790
Sewer System	4,272,089	4,058,625	3,545,947	3,007,196	2,441,022
General	1,562,382	1,470,326	1,265,100	6,082,440	6,122,122

** 1996 Census

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Financial Statistics
(Unaudited)

	2002***	2003***	2004***	2005***	2006****
Population	30,985	30,985	30,985	30,985	31,909
Assessed Values - General					
Land	1,000,376,974	1,022,385,901	1,141,538,471	1,430,440,541	1,721,511,628
Land Exempt	140,756,657	148,912,016	172,413,710	177,810,827	192,421,757
Taxable Land	859,620,317	873,473,885	969,124,761	1,252,629,714	1,529,089,871
Improvements	1,391,386,900	1,490,127,901	1,654,513,500	1,941,305,110	2,280,195,513
Improvements Exempt	197,516,990	202,748,963	207,550,130	227,310,600	261,187,083
Taxable Improvements	1,193,869,910	1,287,378,938	1,446,963,370	1,713,994,510	2,019,008,430
Total Taxable Assessment	2,053,490,227	2,160,852,823	2,416,088,131	2,966,624,224	3,548,098,301
Per Capita	66,274	69,739	77,976	95,744	111,194
Assessment Actually Taxed					
General Purposes	2,030,243,827	2,137,700,023	2,392,425,331	2,942,179,424	3,524,650,801
School Purposes	2,047,566,849	2,154,719,592	2,409,204,900	2,958,710,508	3,538,474,892
% Improvement Taxes	100.00%	100.00%	100.00%	100.00%	100.00%
Tax Levy					
General and Debt	14,882,630	15,926,729	17,012,508	18,075,952	19,304,542
School	11,913,141	12,152,121	12,637,459	13,581,087	14,552,429
Regional Hospital	1,979,438	1,980,515	1,961,408	1,785,679	1,817,981
Other (Excluding Irrigation)	4,995,324	5,008,308	5,179,878	5,382,474	5,922,571
Total Tax Levy	33,770,533	35,067,673	36,791,253	38,825,192	41,597,523
Total Levy (Including Irrigation)	33,910,115	35,206,896	36,930,550	38,967,825	41,734,350
Per Capita	1,094	1,136	1,192	1,258	1,308
General Tax Rate	6.6295/9.9443	6.753/10.1295	6.4781/9.7172	5.3623/9.931	4.74/9.187
Tax Collection					
Current Taxes and Irrigation	33,353,856	34,685,099	36,625,786	38,475,389	41,494,579
% Current Levy Collected	98.4%	98.5%	99.2%	98.7%	99.4%
Arrears and Delinquent	748,867	598,402	586,147	405,886	625,544
Total Taxes Collected	34,102,723	35,283,501	37,211,933	38,881,275	42,120,123
% of Current Levy	100.6%	100.2%	100.8%	99.8%	100.9%
Arrears of Taxes	205,809	178,225	121,940	112,475	107,045
Per Capita	6.64	5.75	3.94	3.63	3.35
Debt					
Gross Debt	11,841,379	10,348,553	12,176,427	13,185,569	21,544,526
Per Capita	382	334	393	426	675
Analysis of Debt (Gross)					
Water Supply System	4,130,719	3,891,909	3,641,158	3,377,869	7,694,934
Sewer System	1,857,736	1,575,393	1,357,265	1,128,231	887,745
General	5,852,924	4,881,251	7,178,004	8,679,469	12,961,847

***2001 Census

****2006 Census

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Financial Statistics
(Unaudited)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Utilities										
Sewer										
Operating Profit/(Loss)	(60,064)	(52,404)	98,945	144,617	182,196	(47,480)	(38,384)	(187,045)	800,290	(325,262)
Domestic Water & Irrigation										
Operating Profit/(Loss)	(3,490)	570,491	631,749	(551,858)	408,648	407,987	250,173	(672,206)	87,436	244,131
Electric Light										
Operating Profit/(Loss)	464,019	1,843,025	2,048,282	2,340,634	2,663,070	2,897,239	2,474,864	1,949,675	2,690,601	4,415,564
General										
Building Permits Issued	23,157,321	33,196,718	22,619,600	18,796,519	31,093,176	35,928,297	46,681,982	52,227,735	74,663,879	143,297,262
Liability Servicing										
Capacity Available							11,529,751	12,914,033	13,418,514	15,683,410
Borrowing Power (net)	61,786,435	70,561,779	71,721,589	72,711,489	79,586,210	81,821,206	n/a	n/a	n/a	n/a